



## EDITOR'S NOTE

# More Work To Do

**It seems unlikely that the mortgage industry can fully recover** until we work through all of the shadow inventory. And new data shows that may take more time. CoreLogic, a provider of information, analytics and business services, reported today that the current residential shadow inventory as of January 2012 was 1.6 million units (6-months' supply), approximately the same level reported in October of last year. On a year-over-year basis, shadow inventory was down from January 2011, when it stood at 1.8 million units, or 8-months' supply. Currently, the flow of new seriously delinquent (90 days or more) loans into the shadow inventory has been offset by the roughly equal flow of distressed sales (short and real estate owned). Here's the full industry findings:

"Almost half of the shadow inventory is not yet in the foreclosure process," said Mark Fleming, chief economist for CoreLogic. "Shadow inventory also remains concentrated in states impacted by sharp price declines and states with long foreclosure timelines."

"The shadow inventory remains persistent even though many other metrics of the housing market show signs of improvements. In some hard-hit markets the demand for REO and distressed property is now outstripping supply. As we move into what is traditionally the peak selling season for real estate, servicers will certainly be watching closely to see if now is the time to move more inventory out of the shadows," said Anand Nallathambi, president and CEO for CoreLogic.

The shadow inventory is approximately four times higher than its low point (380,000 properties) at the peak of the housing bubble in mid-2006. Despite 3 million distressed sales since January 2009, the period when home prices were declining at their fastest rate, the shadow inventory in January 2012 is at the same level as January 2009. The shadow inventory is approximately half of the size of all visible inventory listings. For every two homes available for sale, there is one home in the "shadows."

What does all this mean? We have more work to do my friends. ❖

**Tony Garritano**  
tony@progressinlending.com

**PS.** Your comments are welcome. Please E-mail letters to [letters@progressinlending.com](mailto:letters@progressinlending.com). Include your name, address and a daytime telephone number. Letters are subject to editing and are presumed to be for publication unless the writer specifies otherwise.